



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
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COMMISSION OBTAINS FINAL JUDGMENT IN CHARITABLE GIFT ANNUITIES CASE \$1.4 Million Recovered for Investors, Defendants Face Additional Charges

PHOENIX – The Arizona Corporation Commission obtained a \$4.3 million final Superior Court judgment against a Scottsdale company and two local insurance agents who fraudulently sold charitable gift annuities to mostly elderly investors.

Maricopa County Superior Court Judge Kenneth Fields entered the judgment against the following individuals, ordering them to pay a total of \$4,357,140 in restitution and an additional \$90,000 each in civil penalties:

- Michael A. Diaz of Gilbert, 42
- Michael A. Maksudian of Scottsdale, 36
- Wealth Management Resources, Inc., Scottsdale

Two of the defendants are former professional baseball players who now have arrest warrants out against them for contempt of court. Maksudian and Diaz were scheduled to appear at a hearing to produce important information, but both failed to appear in court.

The court found that Wealth Management Resources received over \$1.3 million in commissions, which was approximately 30 percent of the amount invested in the annuities. These commissions were not disclosed to investors.

Wealth Management Resources recruited sales agents to sell these charitable gift annuities. The court found that the majority of Wealth Management Resources' income was from the sale of charitable gift annuities with One Vision Children's Foundation, a local, non-profit organization which has also faced action by the Commission.

Maksudian and Diaz conducted the sales presentations to recruit the potential sales agents as well as provide the training on sales techniques.

The court also found that investors' money was placed in high-risk, speculative investments with the potential for a complete loss of those funds. One Vision placed over \$1 million of the investors' money in a program involving the leasing of timeshare units at a Yucatan, Mexico resort. In a separate action, the Commission is suing Yucatan Resorts, Inc., for selling unregistered investment contracts in Arizona. (See May 28, 2003 and June 20, 2003 news releases at http://www.ccsd.cc.state.az.us/news_releases/2003.asp.)

At the request of the Commission, the court appointed a receiver to manage One Vision and assist in securing the return of investor funds. So far, over \$1.4 million of the \$4.3 million has been recovered.

A charitable gift annuity is an investment in which a charity, in return for a transfer of cash or other assets, agrees to pay a fixed sum of money to an individual over a period of time. Upon the investor's death, the remaining principal is paid to a designated charity. Unless there is reinsurance, payment of the annuity is backed only by the assets of the charity.

While the overwhelming majority of charitable gift annuities are sold by reputable organizations, the Commission has observed a growing problem with this type of investment. The Commission encourages investors to obtain more information about charitable gift annuities by contacting the Securities Division at 602-542-4242, toll free, 1-877-811-3878, or by visiting www.ccsd.cc.state.az.us.

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